

AMENDED IN ASSEMBLY JULY 14, 2009

AMENDED IN ASSEMBLY JULY 1, 2009

AMENDED IN SENATE MAY 18, 2009

AMENDED IN SENATE APRIL 28, 2009

AMENDED IN SENATE MARCH 10, 2009

SENATE BILL

No. 93

Introduced by Senator Kehoe

January 22, 2009

An act to amend Sections 33445 and 33679 of, and to add Sections 33445.1 and 33505 to, the Health and Safety Code, relating to redevelopment.

LEGISLATIVE COUNSEL'S DIGEST

SB 93, as amended, Kehoe. Redevelopment: payment for land or buildings.

(1) The Community Redevelopment Law authorizes a redevelopment agency, with the consent of the legislative body, to pay all or a part of the value of the land for, and the cost of the installation and construction of, any building, facility, structure, or other improvement that is publicly owned either within or without the project area if the legislative body makes specified determinations. These determinations by the agency and the local legislative body are final and conclusive. Existing law requires the agency, with respect to the financing, acquisition, or construction of a transportation, collection, and distribution system and related peripheral parking facilities, in a county with a population of 4 million persons or more, to enter into an agreement with the rapid transit

district that includes the county, or a portion thereof, under which the rapid transit district is required to be given specified responsibilities.

This bill would instead authorize a redevelopment agency, with the consent of the legislative body, to pay all or a part of the value of the land for, and the cost of the installation and construction of, any building, facility, structure, or other improvement that is publicly owned and is located inside or contiguous to, as defined, the project area if the legislative body makes specified determinations. The bill would delete the requirement that the agency, with respect to the financing, acquisition, or construction of a transportation, collection, and distribution system and related peripheral parking facilities, in a county with a population of 4 million persons or more, enter into an agreement with the rapid transit district that includes the county, or a portion thereof, under which the rapid transit district is required to be given specified responsibilities. The bill would authorize an agency to pay for all or part of the value of the land for, and the cost of the installation and construction of, any building, facility, structure, or other improvement that is publicly owned and is partially located in the project area, but extends beyond the project area's boundaries, if the legislative body makes specified determinations.

The bill would also authorize an agency, with the consent of the legislative body, to pay all or a part of the value of the land for, and the cost of the installation and construction of, any building, facility, structure, or other improvement that is publicly owned and is located outside and not contiguous to the project area, but is located within the community, if the legislative body makes specified findings based on substantial evidence in the record. The bill would require an action to challenge these findings to be filed and served within 60 days after the date of the resolution containing the findings. The bill would prohibit an agency from paying for the normal maintenance or operations of buildings, facilities, structures, or other improvements that are publicly owned. *These provisions would not apply if the financing, construction, or installation of the land, buildings, facilities, structures, or other improvements is an obligation of the agency under a contract existing on December 31, 2009, is specifically described in the implementation plan prepared by the agency as of July 1, 2009, pursuant to Section 33490, or is specifically provided for in the redevelopment plan as of December 31, 2009.*

The bill would also prohibit the agency and legislative body from authorizing or approving the settlement of specified judicial actions

that contest the validity of the adoption or amendment of a redevelopment plan if the settlement requires the expenditure of funds outside the project area unless the agency and the legislative body have first held a public hearing on the proposed settlement, as specified. The bill would provide specified notice requirements and procedures for the public hearing, and require that copies of the proposed settlement be made available for public inspection and copying not later than the first date of publication of the public notice.

(2) Existing law requires the legislative body to hold a public hearing before an agency commits to use the portion of taxes allocated to the agency for the payment of the principal of, and interest on, loans, moneys advanced to, or indebtedness incurred by the agency to finance, or refinance, the redevelopment project to instead pay all or part of the value of the land for, and the cost of the installation and construction of, any publicly owned building, other than parking facilities. Existing law also requires a summary to be available for public inspection and copying, at a cost not to exceed the cost of duplication, and the summary to include specified information.

This bill would add to the specified information required to be included in the summary the facts supporting the findings required to be made by the legislative body in order for an agency to be authorized to pay all or a part of the value of the land for, and the cost of the installation and construction of, any building, facility, structure, or other improvement that is publicly owned and is located outside, and not contiguous to, the project area, but is located within the community.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 33445 of the Health and Safety Code is
2 amended to read:
3 33445. (a) Notwithstanding Section 33440, an agency may,
4 with the consent of the legislative body, pay all or a part of the
5 value of the land for and the cost of the installation and construction
6 of any building, facility, structure, or other improvement that is
7 publicly owned and is located inside or contiguous to the project
8 area, if the legislative body determines all of the following:
9 (1) That the acquisition of land or the installation or construction
10 of the buildings, facilities, structures, or other improvements that

1 are publicly owned are of benefit to the project area by helping to
2 eliminate blight within the project area or providing housing for
3 low- or moderate-income persons.

4 (2) That no other reasonable means of financing the acquisition
5 of the land or installation or construction of the buildings, facilities,
6 structures, or other improvements that are publicly owned, are
7 available to the community.

8 (3) That the payment of funds for the acquisition of land or the
9 cost of buildings, facilities, structures, or other improvements that
10 are publicly owned is consistent with the implementation plan
11 adopted pursuant to Section 33490.

12 (b) (1) The determinations made by the agency and the local
13 legislative body pursuant to subdivision (a) shall be final and
14 conclusive.

15 (2) For redevelopment plans, and amendments to those plans
16 that add territory to a project, adopted after October 1, 1976,
17 acquisition of property and installation or construction of each
18 facility shall be provided for in the redevelopment plan.

19 (3) A redevelopment agency shall not pay for the normal
20 maintenance or operations of buildings, facilities, structures, or
21 other improvements that are publicly owned. Normal maintenance
22 or operations do not include the construction, expansion, addition
23 to, or reconstruction of, buildings, facilities, structures, or other
24 improvements that are publicly owned otherwise undertaken
25 pursuant to this section.

26 (c) (1) When the value of the land or the cost of the installation
27 and construction of the building, facility, structure, or other
28 improvement that is publicly owned, or both, has been, or will be,
29 paid or provided for initially by the community or other public
30 corporation, the agency may enter into a contract with the
31 community or other public corporation under which it agrees to
32 reimburse the community or other public corporation for all or
33 part of the value of the land or all or part of the cost of the building,
34 facility, structure, or other improvement that is publicly owned,
35 or both, by periodic payments over a period of years.

36 (2) The obligation of the agency under the contract shall
37 constitute an indebtedness of the agency for the purpose of carrying
38 out the redevelopment project for the project area, and the
39 indebtedness may be made payable out of taxes levied in the project

1 area and allocated to the agency under subdivision (b) of Section
2 33670 or out of any other available funds.

3 (d) In a case where the land has been or will be acquired by, or
4 the cost of the installation and construction of the building, facility,
5 structure, or other improvement that is publicly owned has been
6 paid by, a parking authority, joint powers entity, or other public
7 corporation to provide a building, facility, structure, or other
8 improvement that has been or will be leased to the community,
9 the contract may be made with, and the reimbursement may be
10 made payable to, the community.

11 (e) (1) Notwithstanding any other authority granted in this
12 section, an agency shall not pay for, either directly or indirectly,
13 with tax increment funds the construction, including land
14 acquisition, related site clearance, and design costs, or rehabilitation
15 of a building that is, or that will be used as, a city hall or county
16 administration building.

17 (2) This subdivision shall not preclude an agency from making
18 payments to construct, rehabilitate, or replace a city hall if an
19 agency does any of the following:

20 (A) Allocates tax increment funds for this purpose during the
21 1988–89 fiscal year and each fiscal year thereafter in order to
22 comply with federal and state seismic safety and accessibility
23 standards.

24 (B) Uses tax increment funds for the purpose of rehabilitating
25 or replacing a city hall that was seriously damaged during an
26 earthquake that was declared by the President of the United States
27 to be a natural disaster.

28 (C) Uses the proceeds of bonds, notes, certificates of
29 participation, or other indebtedness that was issued prior to January
30 1, 1994, for the purpose of constructing or rehabilitating a city
31 hall, as evidenced by documents approved at the time of the
32 issuance of the indebtedness.

33 (f) As used in this section, “contiguous” means that the parcel
34 on which the building, facility, structure, or other improvement
35 that is publicly owned is located shares a boundary with the project
36 area or is separated from the project area only by a public street
37 or highway, flood control channel, waterway, railroad right-of-way,
38 or similar feature.

39 (g) Notwithstanding Section 33445.1, an agency may pay for
40 all or part of the value of the land for and the cost of the installation

1 and construction of any building, facility, structure, or other
2 improvement that is publicly owned and is partially located in the
3 project area, but extends beyond the project area's boundaries, if
4 the legislative body makes the determinations required by
5 subdivision (a).

6 SEC. 2. Section 33445.1 is added to the Health and Safety
7 Code, to read:

8 33445.1. (a) Notwithstanding Section 33440, an agency may,
9 with the consent of the legislative body, pay all or a part of the
10 value of the land for and the cost of the installation and construction
11 of any building, facility, structure, or other improvement that is
12 publicly owned and is located outside and not contiguous to the
13 project area, but is located within the community, if the legislative
14 body finds, based on substantial evidence in the record, all of the
15 following:

16 (1) The acquisition of the land or the installation or construction
17 of the buildings, facilities, structures, or other improvements that
18 are publicly owned are of primary benefit to the project area.

19 (2) The acquisition of the land or the installation or construction
20 of the buildings, facilities, structures, or other improvements that
21 are publicly owned benefits the project area by helping to eliminate
22 blight within the project area, or will directly assist in the provision
23 of housing for low- or moderate-income persons.

24 (3) No other reasonable means of financing the acquisition of
25 the land or the installation or construction of the buildings,
26 facilities, structures, or other improvements that are publicly
27 owned, are available to the community, including, but not limited
28 to, general obligation bonds, revenue bonds, special assessment
29 bonds, or bonds issued pursuant to the Mello-Roos Community
30 Facilities Act of 1982 (Chapter 2.5 (commencing with Section
31 53311) of Part 1 of Division 2 of Title 5 of the Government Code).
32 In determining whether other means of financing are feasible, the
33 legislative body may take into account any relevant factors,
34 including, but not limited to:

35 (A) Legal factors, such as the eligibility of the improvements
36 for funding under the governing statutes.

37 (B) Economic factors, such as prevailing interest rates and
38 market conditions.

39 (C) Political factors, such as the priority of commitments of
40 other public funding sources, the ability or willingness of property

1 owners or taxpayers to bear the cost of any special assessments,
2 taxes, or other charges, and the likelihood of obtaining voter
3 approval, if required.

4 (4) The payment of funds for the acquisition of land or the cost
5 of buildings, facilities, structures, or other improvements that are
6 publicly owned is consistent with the implementation plan adopted
7 pursuant to Section 33490.

8 (5) The acquisition of land and the installation of each building,
9 facility, structure, or improvement that is publicly owned is
10 provided for in the redevelopment plan.

11 (b) An agency shall not pay for the normal maintenance or
12 operations of buildings, facilities, structures, or other improvements
13 that are publicly owned. Normal maintenance or operations do not
14 include the construction, expansion, addition to, or reconstruction
15 of, buildings, facilities, structures, or other improvements that are
16 publicly owned otherwise undertaken pursuant to this section.

17 (c) An action to challenge the findings required by this section
18 shall be filed and served within 60 days after the date of the
19 resolution containing the findings.

20 *(d) The provisions of this section shall not apply if the financing,*
21 *construction, or installation of the land, buildings, facilities,*
22 *structures, or other improvements is an obligation of the agency*
23 *under a contract existing on December 31, 2009, is specifically*
24 *described in the implementation plan prepared by the agency as*
25 *of July 1, 2009, pursuant to Section 33490, or is specifically*
26 *provided for in the redevelopment plan as of December 31, 2009.*

27 SEC. 3. Section 33505 is added to the Health and Safety Code,
28 to read:

29 33505. (a) The agency and legislative body shall not authorize
30 or approve the settlement of any judicial action specified in Section
31 33501 that contests the validity of the adoption or amendment of
32 a redevelopment plan if the settlement requires the expenditure of
33 funds outside the project area unless the agency and the legislative
34 body have first held a public hearing on the proposed settlement
35 pursuant to this section.

36 (b) Notice of the public hearing shall be published once a week
37 for two successive weeks in a newspaper of general circulation in
38 the community. Notice of the public hearing shall be posted in at
39 least five prominent locations inside the project area for at least
40 two weeks before the hearing. Notice of the hearing shall be mailed

1 by first-class mail to the project area committee, if any, and to any
2 other persons or organizations who have filed a written request
3 for public notice.

4 (c) Copies of the proposed settlement shall be available for
5 public inspection and copying not later than the first date of
6 publication of the public notice.

7 SEC. 4. Section 33679 of the Health and Safety Code is
8 amended to read:

9 33679. Before an agency commits to use the portion of taxes
10 to be allocated and paid to an agency pursuant to subdivision (b)
11 of Section 33670 for the purpose of paying all or part of the value
12 of the land for, and the cost of the installation and construction of,
13 any publicly owned building, other than parking facilities, the
14 legislative body shall hold a public hearing.

15 Notice of the time and place of the public hearing shall be
16 published in a newspaper of general circulation in the community
17 for at least two successive weeks prior to the public hearing. There
18 shall be available for public inspection and copying, at a cost not
19 to exceed the cost of duplication, a summary that includes all of
20 the following:

21 (a) Estimates of the amount of the taxes proposed to be used to
22 pay for the land and construction of any publicly owned building,
23 including interest payments.

24 (b) Sets forth the facts supporting the determinations required
25 to be made by the legislative body pursuant to Section 33445 or
26 the findings required to be made by the legislative body pursuant
27 to Section 33445.1.

28 (c) Sets forth the redevelopment purpose for which the taxes
29 are being used to pay for the land and construction of the publicly
30 owned building.

31 The summary shall be made available to the public for inspection
32 and copying no later than the time of the first publication of the
33 notice of the public hearing.